

the care provided to a disabled family member for a period not to exceed 12 months.

(c) Deferrals or exceptions to performance or repayment may be provided by grantees based upon sufficient evidence to substantiate the grounds for an exception under paragraph (a) of this section or a deferral under paragraph (b) of this section.

(Approved by the Office of Management and Budget under control number 1820-0622)

(Authority: 20 U.S.C. 1473(h))

§ 304.32 What are the consequences of a scholar's failure to meet the terms and conditions of a scholarship agreement?

If a scholar fails to meet the terms and conditions of a scholarship agreement under § 304.23(b) or to obtain a deferral or an exception as provided in § 304.31, the scholar must repay all or part of the scholarship assistance to the Secretary as follows:

(a) *Amount.* The amount of the scholarship to be repaid is proportional to the service obligation not completed.

(b) *Interest Rate.* The Secretary charges the scholar interest on the unpaid balance owed in accordance with 31 U.S.C. 3717.

(c) *Interest accrual.* (1) Interest on the unpaid balance accrues from the date the scholar is determined to have entered repayment status under paragraph (e) of this section.

(2) Any accrued interest is capitalized at the time the scholar's repayment schedule is established.

(3) No interest is charged for the period of time during which repayment has been deferred under § 304.31.

(d) *Collection costs.* Under the authority of 31 U.S.C. 3717, the Secretary may impose reasonable collection costs.

(e) *Repayment status.* A scholar enters repayment status on the first day of the first calendar month after the earliest of the following dates, as applicable:

(1) The date the scholar informs the grantee that he or she does not plan to fulfill the service obligation under the agreement.

(2) Any date when the scholar's failure to begin or maintain employment makes it impossible for that individual to complete the service obligation

within the number of years required in § 304.23(b).

(3) Any date on which the scholar discontinues enrollment in the course of study under § 304.30(a).

(f) *Amounts and frequency of payment.* The scholar must make payments to the Secretary that cover principal, interest, and collection costs according to a schedule established by the Secretary.

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(Authority: 20 U.S.C. 1473(h))

PART 350—DISABILITY AND REHABILITATION RESEARCH PROJECTS AND CENTERS PROGRAM

Subpart A—General

Sec.

350.1 What is the Disability and Rehabilitation Research Projects and Centers Program?

350.2 What is the purpose of the Disability and Rehabilitation Research Project and Centers Program?

350.3 Who is eligible for an award?

350.4 What regulations apply?

350.5 What definitions apply?

Subpart B—What Projects Does the Secretary Assist?

350.10 What are the general requirements for Disability and Rehabilitation Research Projects?

350.11 What are the general requirements for a Field-Initiated Project?

350.12 What are the general requirements for an Advanced Rehabilitation Research Training Project?

350.13 What must a grantee do in carrying out a research activity?

350.14 What must a grantee do in carrying out a training activity?

350.15 What must a grantee do in carrying out a demonstration activity?

350.16 What must a grantee do in carrying out a development activity?

350.17 What must a grantee do in carrying out a utilization activity?

350.18 What must a grantee do in carrying out a dissemination activity?